

Message Text

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ACTION IO-13

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CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-02 PRS-01 SP-02 SS-15 USIA-15 OMB-01 TRSE-00 ABF-01

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TAGS: AORG, PORG, UN, AFIN

SUBJECT: UN FINANCES - NEGOTIATING COMMITTEE ON THE UN
FINANCIAL EMERGENCY

1. NEGOTIATING COMMITTEE ON THE UN FINANCIAL EMERGENCY
CONCLUDED ITS FIRST SERIES OF MEETINGS MAY 4 WITH SUMMING UP
OF GENERAL DEBATE AND DISCUSSION OF FUTURE ORGANIZATION OF
WORK. NEXT WEEK IT WILL BEGIN SERIES OF INFORMAL MEETINGS.

2. THERE WAS SOME CLASH OF OPINION WITHIN COMMITTEE ON WHETHER
TO BEGIN WITH PRESENT OR FUTURE ASPECTS OF THE FINANCIAL
SITUATION, BUT IT WAS EVENTUALLY AGREED TO ACCEPT CHAIRMAN'S
PROPOSAL TO TAKE UP FUTURE ASPECTS FIRST. THIS WILL INCLUDE
WITHHOLDINGS, FINANCING REGULAR PROGRAM OF TECHNICAL
ASSISTANCE, AND PROMPTER PAYMENT OF ASSESSMENTS. THEN PAST
ASPECTS WILL BE CONSIDERED, NAMELY, THE SHORT TERM
DEFICIT, THE \$16.6 MILLION ROC ARREARS, FOLLOWED BY PRESENT
ASPECTS: WORKING CAPITAL FUND AND GROWTH OF THE BUDGET.

3. USREP QUESTIONED WHETHER GROWTH OF THE BUDGET REALLY
BELONGED ON COMMITTEE'S AGENDA; ALTHOUGH IT WAS A SERIOUS
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PROBLEM AND SHOULD BE CONSIDERED ELSEWHERE, IT HAD NOTHING

TO DO WITH THE DEFICIT AND ITS INCLUSION WOULD BE DIVERSIONARY. USSR REP STOUTLY DEFENDED ITS INCLUSION SINCE UNREASONABLE BUDGET GROWTH IN SOV VIEW IS ONE OF MAIN CAUSES OF DEFICIT. CUBA AND POLAND SUPPORTED USSR, BUT KENYA PLEADED WITH SOVS NOT TO SIDETRACK COMMITTEE FROM ITS PROPER FUNCTION. USSR REP THEREUPON BEGAN TIRADE PROCLAIMING COMPLETE SOVIET INNOCENCE OF RESPONSIBILITY FOR UN DEFICIT AND WAS ABOUT TO LAUNCH INTO LONG EXPOSE OF HOW DEFICIT CAME ABOUT WHEN CHAIRMAN BOATEN (GHANA) GAVELED HIM OUT OF ORDER, AN UNUSUAL OCCURRENCE TO A SOVIET DEL IN ANY UN COMMITTEE. HOWEVER, CHAIRMAN SUGGESTED AND COMMITTEE ACCEPTED RETENTION ON AGENDA OF BUDGET GROWTH IN VIEW OF OPINION OF SOME DELS THAT THAT WAS ONE OF CAUSES OF DEFICIT.

4. CUBA IN DELAYED GENERAL DEBATE STATEMENT REVERTED TO ITS THEME THAT INFLATION IS A PRIME CAUSE FOR UN DEFICIT AND THAT UN HOST COUNTRIES SHOULD FINANCE ALL BUDGET GROWTH DUE TO INFLATION AND CURRENCY INSTABILITY. SUGGESTED THAT NEW VOLUNTARY CONTRIBUTIONS ARE ALSO NEEDED TO MAKE UP DEFICIT. ON PROBLEM OF PAYMENTS IN NON-CONVERTIBLE CURRENCIES, INSITED THAT SUCH PAYMENTS HAVE BEEN FULLY USABLE. SAID CUBA FAVORED KEEPING REGULAR BUDGET TECHNICAL ASSISTANCE WHERE IT IS BUT COULD ACCEPT ANY CONSENSUS ON THIS POINT. RECOMMENDED ELIMINATION OF BOND PAYMENTS FROM REGULAR BUDGET, WIPING OUT BOND OBLIGATIONS IN DC HANDS AND PAYING OFF WITH VOLUNTARY CONTRIBUTIONS BOND OBLIGATIONS OWNED BY LDC'S.

5. OTHER MATTERS TAKEN UP WERE A USSR SUGGESTION THAT THE SHORT TERM DEFICIT PROBLEM BE DISCUSSED TOGETHER WITH THE QUESTION OF FINANCING PAST PEACEKEEPING ACTIVITIES (NO OBJECTION) AND A US SUGGESTION (ALSO ACCEPTED) THAT THE SECRETARIAT COMMENT ON THE NATURE AND SERIOUSNESS OF CURRENT UN FINANCIAL DIFFICULTIES AND LIST PAST PROPOSALS MADE FOR DEALING WITH THE DEFICIT. USREP SAID HE WAS NOT SURE ALL MEMBERS OF THE COMMITTEE ARE YET PERSUADED PROBLEM IS REALLY CRITICAL. EGYPT SUGGESTED, USSR SUPPORTED, AND COMMITTEE AGREED TO PROPOSAL TO DEAL WITH FINANCING OF TECHNICAL ASSISTANCE UNDER REGULAR BUDGET SEPARATELY FROM WITHHOLDINGS, ALTHOUGH CONTROLLER DEBATIN POINTED OUT THAT UNLESS CONTRIBUTIONS ARE MADE IN DOLLARS THEY MUST BE REGARDED AS PART OF THE DEFICIT.

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6. CUBA, ITALY, AND FRANCE OBJECTED TO MEETINGS OF COMMITTEE IN JUNE BECAUSE OF CONFLICT WITH UNDP GOVERNING COUNCIL. TIMING WAS LEFT FOR FURTHER CONSULTATION. SCRANTON

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